Comments by the CEO



The last three months of the year were the culmination of another strong quarter for AddLife, completing a successful year of expansion as we put AddLife on the map as a significant European niche player in the Life Sciences. During the year, we completed a total of seven acquisitions, whereof two will be accessed in 2022, in both current and new European markets, with total expected annual sales of approximately SEK 3,290 million. The expansion in Europe opens up completely new and larger markets with significantly more customers and more than 50 percent of sales during the year have occurred outside the Nordic region. This development strengthens our existing supplier relationships while making us more attractive to new suppliers. In addition, a larger internal network generates increased opportunities to sell our own products in new markets.

The fourth quarter is doing well compared to the exceptionally strong fourth quarter of 2020, with an increase in sales of 23 percent to SEK 2,131 million. Acquisitions contributed SEK 609 million to the quarter, or 35 percent, while organic sales declined by 12 percent. In the fourth quarter, COVID-19 continued to drive sales, particularly in diagnostics, while sales in other segments, notably surgery, were restrained once again. COVID-19-related sales amounted to SEK 355 million compared to SEK 600 million last year and organic growth excluding COVID-19 was 3 percent. EBITA increased by 4 percent to SEK 329 million and the EBITA margin amounted to 15.5 percent.

For full-year 2021, sales increased by 52 percent to SEK 7,993 million, of which COVID-19-related sales accounted for SEK 1,976 million and organic growth for the full year excluding COVID-19 amounted to 3 percent. Future sales of COVID-19-related products are entirely dependent on how the pandemic evolves. Our expectation is that the pandemic will subside in the coming years and that growth will instead come from the product segments that have been weaker in recent times. EBITA increased by 59 percent to SEK 1,273 million and the EBITA margin was 15.9 percent. The strong performance for the year generated a positive operating cash flow of SEK 1,010 million for the full year, which enables continued investments in both acquisitions and our own development for future growth.

Since AddLife was listed on the stock exchange in March 2016, EBITA has grown by 48 percent annually, which greatly exceeds our growth target of 15 percent. In December, Nasdaq Stockholm announced that AddLife's share will be moved to the Large Cap segment as of 3 January 2022.

I am proud of the way our subsidiaries use a solution-oriented approach, focusing on finding the best solutions when market conditions change. The fourth wave of the pandemic led to a record-breaking transition for our customers, with a renewed focus on pandemic management. This led to an increase in COVID testing, a decrease in non-COVID-19-related health care and a halt to the positive transition that had begun in hospitals to increase the number of surgical procedures. We also noticed a lower willingness to invest in academic research and a return to the challenge of installing assistive devices for the elderly, while many ongoing business discussions and investments were postponed.

However, the challenges in healthcare remain, with long waiting lists, as well as a growing and aging population in Europe that will require major investments in health care in the years ahead.

Global supply chains have been challenging during the year. Shortages of raw materials and components, as well as increased freight costs, have caused disruptions and lead times have generally increased. By working proactively, several of our companies have managed to compensate for this through changes in transport modes and price adjustments in both existing and new contracts.

The Labtech business area had strong growth throughout the year. Our Nordic diagnostics companies continued to deliver high volumes of COVID-19 tests for previously installed instruments in the fourth quarter, while volumes decreased in Central and Eastern Europe. Sales of non-COVID-19 products to our research customers developed well in the quarter, while volumes decreased significantly for COVID-19-related products.

The strong growth in Medtech comes from our acquisitions, which continue to deliver as expected. Sales of elective surgery products initially increased in the quarter, but declined as the number of COVID-19 cases increased. However, sales growth was robust for other medical devices. Our home care companies saw increased demand in the quarter, but again the reimplementation of restrictions caused delays in deliveries.

High acquisition activity

In 2021, we carried out a total of seven acquisitions, though two of them will be completed in 2022, with total expected annual sales of approximately SEK 3,290 million. During the year, we moved at a fast pace to integrate the companies into AddLife, where our networks, culture and values, as well as our decentralised business model and active ownership have played a key role.

> *During the year, we made several strategic acquisitions that have put AddLife on the map as a significant European niche player in the Life Sciences.*

Four acquisitions were made in the fourth quarter, all within the Medtech business area. In November, the Danish surgical company Fischer Medical, a distributor of instruments and implants for orthopaedic surgery and gynaecology, was acquired. The company has sales of approximately SEK 60 million and 12 employees. In December, Camanio and the operations of Telia Health Monitoring were acquired, which together strengthen AddLife's position in digital health with the aim of becoming a driving force in the development of tomorrow's digital health care and social services. The companies are currently active in Sweden and have combined sales of approximately SEK 17 million and 26 employees. The acquisition of the Telia Health Monitoring business will be completed in the first quarter of 2022.

In December, we also announced the agreement to acquire MBA Incorporado S.L, a leading Spanish orthopaedic and emergency surgery company with operations in Spain, Italy and Portugal. The company has sales of approximately EUR 67 million and 285 employees. The acquisition of MBA further strengthens AddLife's position in advanced surgery and was completed on 20 January 2022.

We sum up another fantastic year for AddLife. Our development depends entirely on our dedicated employees, who do a fantastic job every day. Our hopes for a return to a more normal life in the fourth quarter were dashed by the new, highly contagious omicron variant, with new restrictions in our communities and challenges for the healthcare system. Our companies have done a fantastic job over the year in generating business and responding to the changing needs of our customers. We are proud of what we have been able to contribute in these challenging times.

I would like to extend a huge thank you to all of you who are part of our growth and success!



Kristina Willgård

President and CEO